

March 16, 1983

LB 215

SPEAKER NICHOL: We still have eight lights on, Landis, Wiitala, Beutler, Labedz. Senator Landis.

SENATOR LANDIS: Mr. Speaker, I would yield my time to Senator Beutler.

SPEAKER NICHOL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, I would like to talk for a few minutes about how title insurance is marketed so that you all have a basic understanding of the way it works and I would like to talk about the three protections that I think are built in for the consumer by virtue of the private enterprise system and by virtue of the marketing system. And then if I get time later, I would like to talk about the four additional protections that are legally built into the system by virtue of laws of this state that are administered by the Department of Insurance and by virtue of federal laws that are administered at the federal level. But the situation is such in the title insurance industry...

SPEAKER NICHOL: Excuse me, Senator Beutler. There are several conversations going on, and with all of them going on, it is impossible to hear. Excuse me, Senator Beutler, proceed.

SENATOR BEUTLER: In the title insurance industry, title insurance is not marketed directly to consumers and that is part of the irony of this bill, that it is promoted as a proconsumer bill but the promoters of the bill wouldn't know a consumer from a candlestick because they haven't dealt with one in years. That simply is not the structure of the industry. Title insurance is sold through realtors and to a much, much lesser extent in this state it is sold through savings and loan people. The reason for it is historic and logical. A realtor is the first person to know when a piece of property sells. They know who the buyer is going to be. In addition to that, a realtor is paid, at least in this city and I think in most places in the state, 7% to get the deal closed, to take care of all the details of the transaction, to see that there is a plumbing inspection, a termite inspection, to see that the financial papers are in order and that credit is obtained from a savings and loan, and to see that all proper insurance is obtained for property, including not just title insurance property but...insurance but sometimes they get involved in casualty insurance and other types of insurance. So basically what happens typically is that at the time a sale is made the realtor will present the